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Transcript

THE INDIA DEAL: A 10 YEAR ASSESSMENT

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GEORGE PERKOVICH

Hello. We'll go ahead and get started. My name's George Perkovich. I'm with the Carnegie Endowment, and it's my pleasure to welcome you to this panel. You have the bios in the catalogue here, but we have a very distinguished and appropriate group to talk about our topic here, which is retrospective, in a way, looking back on the US-India nuclear deal which became the NSG Nuclear India deal and was first announced in the summer of 2005, so it's 10 years ago.

Our intention really is to look forward and draw lessons that could be learned from what's happened in the past 10 years here, and to think about issues where what's evolved over the last 10 years could be applied going forward. We are, of course, going to look back, but the aim is to look forward.

On the far right, which I don't know if it is metaphorically correct, politically, is my dear friend, Rakesh Sood. You have his bio. For those of you who don't know the Indian system, the places where he's been ambassador, so Geneva, then Afghanistan, then Nepal, and then Paris are indicative of his great stature and accomplishment in the Indian Diplomatic Services. These are the postings where they send the real stars. After that, they didn't let him go, so they brought him back and he was the Special Advisor to Prime Minister Manmohan Singh until the election, basically, on disarmament issues. We're delighted to have Rakesh here.

Bob Einhorn doesn't need an introduction to those of you who've worked on these issues in the United States. I would just say that I first met and encountered Bob, probably about 25, 23 years ago, and it was working on South Asian nuclear issues. And Rakesh was then too, so we all kind of go back to the same era. Bob's very well-placed to discuss this.

In John Carlson from Australia, we have not only one of the world's leading experts on safeguards, but somebody who has really studied the nitty-gritty of, in a sense, the implementation of, and aspect of nuclear cooperation with India. In particular that the government of Australia is considering, in their bilateral negotiation with the Indians. He has a paper that he's prepared on this, which is, I think, the most penetrating detailed analysis of the safeguards agreements, but the implications of them in the bilateral context, but also the IAEA India context. And that paper is available on the Carnegie website now, if you go to it. And you can download it there. But it really is a wonderful piece of research.

Without introduction, I just want to start rather simply, and ask each of our panelists if they think back to the promises that were made in 2005 or promises in the sense that in the US, anyway, Condoleezza Rice, other officials testifying in Congress were saying by the year 2012 we'll have eight American-built nuclear reactors under construction in India. It will produce 15,000 jobs in the nuclear industry. You had the US-India Business Council talking about 120,000 jobs deriving from this agreement. So there were a lot of very positive statements that were made. In India, much less dramatically so, but there was a lot of hope based on this agreement.

At the same time, people who were pessimistic about it, also were saying things that were quite dire. As a result of this agreement, India would dramatically ramp up its production of fuel for nuclear weapons and nuclear weapons themselves. This agreement would produce a nuclear arms race that would greatly accelerate as a result of the agreement. It could collapse the non-proliferation regime. We had a lot of Sturm and Drang in 2005.

One of the things I want to do is get a sense from each of you. What were the two most positive results that you see from the agreement? And then we'll swing back around and get your sense of the two most negative repercussions of the agreement. From then we're going to look forward. But Rakesh, let me start with you.

RAKESH SOOD

Thank you, George, and at the outset, let me thank Carnegie for inviting me to speak today on this particular issue. What I would like to say is that even though we are speaking at the Carnegie Nuclear Policy Conference, but nonetheless, no bilateral relationship India-US, no exception to it. No bilateral relationship, which is a fairly broad-based relationship can be limited purely to one dimension. The nuclear area is just one dimension of it. You have to look at it in the context of what the nuclear dimension meant for the India-US relationship.

In all the years that we've spent talking about nuclear matters, and why 2005, as you said, is a good benchmark, because that's the first time, during Prime Minister Manmohan Singh's visit to Washington, the idea of normalizing civilian nuclear cooperation between India and US was articulated formally in the joint statement, although it took some time before the agreement actually got signed.

Dialogue on that began, as George reminded me, and Bob, way back in 1992, during President Bush Senior's period, and then continued during the Clinton administration, continued during the Bush administration, and then we saw, during President Obama's recent visit in January, the developments relating to the liability issue.

When you look at the nuclear dimension, I think you have to place it in the overall context of the India-US relationship. The India-US relationship in a changing world. I think in the session just before ours, when you were talking about China, and there was a very interesting and very revealing kind of thing, which was the basic geopolitical shift that is taking place from, in a sense, the Euro-Atlantic to the Asia-Pacific.

At the end of the Cold War, and I still remember how we, India and the United States, started talking about nuclear issues at that point in time. At that time, the idea of normalizing civilian nuclear cooperation seemed a very far cry. And at that time, this meeting took place between President Bush Senior and the then Indian Prime Minister Narasimha Rao, and it was the 31st January, 1992, in New York, on the margins of the UN Security Council Summit that was taking place.

On the margins of that, and these two leaders met, and they talked about it. They said, well, the world has changed. The Cold War had ended. They said, we need to start a more substantive dialogue. Since the nuclear issue had been something which had been a hurdle, or had been a prickly issue between the two countries, in their wisdom, the two leaders decided that is the issue on which we would start a dialogue. And that's how the dialogue began on developing a better appreciation, a better understanding of each other's position.

It led through different stages in 2005, to the conceptualization and subsequently, in 2008, to the India-US nuclear deal, which normalised or created the prospects for civilian nuclear cooperation. So I think we have to look at it in that broader context and not merely look at it through the context of as a purely nuclear deal and how many reactors we've been able to set up, and so on. We will, because I think what we've seen is a continued commitment on the part of various US administrations, as well as Indian Prime Ministers, to take the dialogue process forward.

In other words, to remain committed to the nuclear dialogue as part of developing a better strategic relationship between India and the United States. I still remember, in 1998, which was after the test, because before that, the normal description for India and the United States was estranged democracies. And gradually it came, by the end of the '90s, engaged democracies. I think later on, in the first decade of the present century, we started seeing words like indispensable partnership, two democracies, Asia-Pacific, and so on. So I think we have to look at it in the broader context. It is useful to look at it from that point of view.

The second point I'd like to make is that in any relationship between two major countries, there is always an element of transactions, in the sense of there is never a complete agreement on every single aspect, because different countries have had different histories. And, in any case, a lot of times on issues, where you stand depends on where you sit. So, for India, in a particular neighbourhood, there are certain concerns.

We don't expect the US to have complete convergence of views on those concerns and vice versa, but nonetheless, we do hope that through dialogue we are able to develop a better understanding and a better appreciation of those concerns, so that these transactions... or a better understanding should develop and therefore decisions that are taken, the transactions actually become milestones in developing that strategic partnership, in deepening it, in broadening it, and in getting to where we want to take the relationship.

And I think these are two key aspects of this India-US deal. Because of the legacy that it has of '74 and so on, that talking about it, moving it forward, meant that you were putting this hurdle behind you, and that's what this deal, in my view, attempted to do.

GEORGE PERKOVICH

Thanks, Rakesh. Bob?

ROBERT EINHORN

All right, George. First of all, thank you, thank Carnegie for inviting me, and it's a pleasure to be on the panel with the three of you. You asked about what are some of the positive effects, benefits of the deal. There clearly were some benefits of the deal.

The foremost one, I think, was it opened a new chapter in US-Indian bilateral relations. I think the huge nuclear hurdle to this relationship was pushed aside very significantly, and the relationship improved both in content and in tone. But if you recall back 10 years ago, some of the proponents of the deal had expectations, articulated expectations that may have been unrealistic.

One of these was to talk about a new strategic partnership between the United States and India. The idea was that the US and India could work very closely on some of the major international problems of the time. Some members of the George W. Bush administration at the time privately would indicate that one of the benefits was that the US and India could work together to counter China, to be a counterweight to an emerging China.

I think this notion of a strategic partnership was an unrealistic expectation. It was not in the cards. And the reason it wasn't is it underestimated the Indian insistence on strategic autonomy, of having a truly independent foreign policy. And I think some of the strongest proponents of the deal at the time didn't fully appreciate that.

Another expected benefit - and Rakesh alluded to it - was an increase in the commercial relationship between the countries. For sure, there was an uptick in commercial relations and

trade, including in such areas as defense sales between the US and India. But the growth in the trade, as well as the number of US jobs created, and that was a big selling point of the deal at the time, fell far short of the projections that were made at the time.

Now in part, this was a result of some economic policies adopted by Indian governments, some of which are now being reversed by Prime Minister Modi. In the civil nuclear area, the principal obstacle became the 2010 Indian adoption of its liability law. As a result of that, a number of US nuclear reactor sales to India were placed in limbo for several years. Hopefully this obstacle is in the process of being moved aside, given the progress made on the liability issue during the recent summit meeting.

A third area that I want to mention, the expectation at the time was that the deal was going to bring India into what was called at the time, the non-proliferation mainstream. Now India has, indeed had a very positive track record in the area of non-proliferation. It's strengthened very significantly its export control system. It's cooperated with the United States and others in stopping illicit nuclear transfers. Its attitude to the multilateral suppliers regimes has had a sea change. Before, these regimes were seen as the enemy. Now these were groups that India sought to join. India continued its unilateral moratorium on nuclear testing, and I can go on and on. There were a number of very positive developments.

But most of these developments would have occurred without an agreement. India has been a responsible member of the international community in the non-proliferation area. I don't think the deal made much of a difference there. For India, the nuclear deal was about ending its nuclear isolation. It was about righting a historic wrong. It was about gaining India's rightful place in the global nuclear order.

It was not about taking on new obligations in the nuclear area, whether new obligations in the civil nuclear area or new obligations toward nuclear weapons. And this was most clearly demonstrated in India's very minimalist attitude toward the application of IAEA safeguards to its civil nuclear reactors. It was also manifest in India's reluctance to assume new commitments, analogous to Article 6 of the NPT, to pursue nuclear disarmament.

And in all of these areas, whether it's strategic partnership, whether it's commercial relation, or whether it's becoming a member of the non-proliferation mainstream, there have been improvements as a result of the deal. But I think the improvements fell well short of expectations at the time.

GEORGE PERKOVICH

Great, thanks Bob. Do you have anything to add to this list so far in terms of benefits or should we switch to the...?

JOHN CARLSON:

Yes.

GEORGE PERKOVICH

Okay, great. Go for it, John.

JOHN CARLSON

Thank you, George, and first let me thank you for inviting me to this, and Carnegie, and also I feel very privileged to be sharing the panel with such distinguished people. The other thing I

should do is make a disclaimer, that although I'm listed on the programme as being with NTI, in this particular activity, it's a personal activity and I'm expressing my own views.

Now, to answer to your question, I certainly agree that a very important aspect of the agreement has been to end India's nuclear isolation. I was certainly one of those in the mid-2000s who argued in the Australian system for ending India's peculiar status in the non-proliferation regime. I think the benefit that's come from that... it will take some time to work its way through, but the availability of modern nuclear technology, and modern reactors to India will have a benefit both to India itself, but also, more broadly, internationally, in terms of the effect of a larger nuclear power program on our environmental pollution and climate change, and also nuclear safety.

So I think it's very important for India to be able to access modern technology. I think the extension of IAEA safeguards to India's civil program has also been important, but also disappointing. India has rather limited the application of agency safeguards. It has agreed to apply safeguards to reactors that it was obliged to provide safeguards for anyway, bilaterally supplied reactors. It has only accepted safeguards on half of its existing indigenous reactors, and has given no commitment whatsoever about the future. In fact, it's making a point of saying that the fast breeder programme will be kept out of safeguards.

So I think there's much more that could be done there, but it's a start. And as part of the process, India is also being introduced to modern nuclear material accountancy practices, which, under its old safeguards agreement, it didn't have.

And finally, I'd mention that as the nuclear power sector expands, the interaction with the international community on this will act as a moderating factor for India's behavior in areas like nuclear testing. We will see the establishment of a constituency that will be arguing within the Indian system to pay much greater attention to international views on Indian activities.

GEORGE PERKOVICH

Thanks, John. I don't want to inject my bias too much, but it wasn't overwhelming praise for all the great implications that came out of this deal. But you guys did hold back some. So on the negative side, what would you say were the biggest downsides? And we don't have to be elaborate, but things that really you find kind of alarming or troubling as you look at the situation?

JOHN CARLSON

I think the main thing was the issue that both Rakesh and Bob pointed to, the wider bilateral drivers, and the keenness of governments to develop closer relationship with India. And I think the problem is that in that process, non-proliferation interests were sacrificed. I guess India would say, well, that's really up to its interlocutors as to how strongly they push their policy interest. But it's certainly a fact that non-proliferation policies were significantly diluted.

I think that will have long term implications in terms of confidence in how nuclear material is being used in India. When the 2005 Bush-Singh statement came out, India said that it was ready to assume the same responsibilities and the same practices as other leading countries. And in fact, it has not done so. I think it's really unfortunate that India has chosen not to fully embrace international standards, and that our various governments have gone along with that.

GEORGE PERKOVICH

Can you give a couple of brief and concrete examples? Like two things that are examples where they haven't accepted those responsibilities?

JOHN CARLSON

Well, on the narrow nuclear supply side, the fact that India won't provide tracking information for imported material. India takes the view that the application of IAEA safeguards is good enough. And the fact that bilateral partners want to know where their material goes, and have certain conditions that they would like to apply to the material, which requires that that material be identified as being subject to the particular agreement.

India says, well, this is all beside the point. It's redundant. It's expensive. It's inconvenient. We don't want to do it. I think that really undermines the whole concept of bilateral safeguards, and maybe you could argue, do we really need an elaborate bilateral safeguard system these days when the IAEA system is so well-established.

But in India's case, India has not made a complete separation between civilian and military. India is one of the very few countries - the others being North Korea and Pakistan - that are still producing fissile material for nuclear weapons. So it makes strong and effective safeguards particularly important. And we do not have that.

More broadly, I talk about other commitments likely, commitments in the NPT, which India might have been willing to take on board, it wasn't. There are various things under the NPT that would apply in India's situation, which India could have given a commitment to, like applying safeguards on all imported material, the separation of military and civil, as I mentioned, and I think it would really go to a situation where India has decided that it's going to give as little as possible, and unfortunately its bilateral interlocutors have accepted that.

GEORGE PERKOVICH

Bob, you want to add anything to that?

ROBERT EINHORN

Yes. Clearly there were some downsides. But again, I don't think the downsides were quite as serious as some of the critics of the deal at the time had predicted. One downside was that the exception for India in the Nuclear Suppliers Group, I think contributed to China's readiness to ignore its Nuclear Supplier Group obligations with respect to the sale of additional nuclear reactors to Pakistan.

I think the favorable treatment that the United States and the NSG gave to India, reinforced Pakistan's sense of isolation. It probably contributed to the perception of a growing military asymmetry between India and Pakistan. I don't know if it had any real impact on Pakistan's determination to enhance its nuclear capabilities. But I think it could have been a factor in that.

Also the deal led a number of non-nuclear weapon states, party to the Non-Proliferation Treaty to take the view that the United States and others had a double standard. That we were favoring our new good friend, a non-party to the NPT in ways that we weren't prepared to favour even non-nuclear weapon states that were party to the treaty. And there were a number of complaints about that.

But as I said, I think the harm to the overall non-proliferation regime was not as great as many people predicted. Complaints by the non-nuclear weapon states party to the NPT were often

given as an excuse for not taking on additional responsibilities in the area of non-proliferation. They weren't the real reason that a number of countries weren't prepared to do more.

There was a concern, I think you mentioned it, George, that this would lead to a nuclear arms competition, that under the deal India could import uranium for its civil nuclear program, freeing up indigenous uranium resources for the weapons program. There were concerns at the time this would lead to a dramatic increase in Indian fissile material production. From what I can tell, that hasn't really materialised.

So just as in the case of the assumed benefits of the deal, which didn't quite materialize, as much as the proponents expected, the downsides didn't materialize as much as the critics expected.

GEORGE PERKOVICH

Thank you. Rakesh, do you see any downsides to that?

RAKESH SOOD

Well, I would say that perhaps we lost time in moving the deal forward, in terms of some of the overall expectations. As I see it, and part of the objective, as I mentioned earlier, was the larger relationship between India and the US. And I think there we saw positive movement, because trade went up about five times. And during the recent visit by the President, US-India traders are talking about making \$500 billion by 2020.

Defense, I mean, defense sales was an area in which India and US did not exist. And in recent times, we have seen that particular sector grow to where, I think, last year, the largest number of defense agreements in recent years were signed with United States, whether it was for helicopters, whether it was for aircraft, C-130 etc, Globemaster, things like that.

So there has been a fair amount of movement in the overall relationship. Now the nuclear aspect of it, in terms of looking at reactors, which I think now we will see in the coming months, we will probably see the beginning of negotiations between US companies, particularly Westinghouse, and GE, because land has been allocated, and so on. And we'll see those negotiations start with the Indian companies.

It's because of concerns about liability. And it has taken us a couple of years to sort those concerns out. And largely this was due to the political election cycles in India, and the fact that, in 2010 when the liability bill was introduced in Parliament, certain additional clauses came in, which led to concerns about ambiguities in the law, which American companies were concerned about.

And now that those have been addressed, following the understanding, and I think last week we had another meeting between US and Indian officials where some kind of language on a legal memoranda was going to be finalized. I think that should clear the way, and hopefully once the technical issues, and financial issues get sorted out, during the course of negotiations between Indian companies and Western companies.

Now the one thing I would just like to mention, and I think this sort of creeps back into our dialogue. In all these years that I spent talking to the US about our nuclear matters, and I think this is probably true, even at the highest level, and the President and the Prime Ministers met to talk about it, whether in January this year or September last year, or earlier on, I don't think the word NPT got into the conversation. Everybody realized that that was not the framework within which India-US nuclear exchanges could be conducted, and the NPT is a part of the nuclear order, but it is a nuclear order from which India is excluded. So if India and US have to talk

about nuclear exchanges, then it obviously cannot be within that framework. It has to be outside.

When we start talking of NPT related obligations it brings back areas of difference, rather than areas where we can develop convergence. And that's why I think it is important that, in so far as the principles of NPT are concerned, namely a commitment to non-proliferation, commitment to disarmament, and so on, on that, I don't think we have had any difficulties as far as India's commitment to non-proliferation is concerned, though it has not been a member of the NPT. India has been a responsible member of the international community in so far as the nuclear area is concerned. And the same is true vis-à-vis disarmament initiatives.

GEORGE PERKOVICH

But the language in the 2005 agreement didn't refer the NPT. It said India would take on the responsibilities and obligations of basically the weapon states.

RAKESH SOOD

It didn't say weapon states either, George.

GEORGE PERKOVICH

But it meant the weapons state. And the point is, they haven't. And so it isn't framed in terms of NPT, but it's obligations that other states in a like category now, nuclear arms states, let's call them, have taken on. But your broader points, I don't think American presidents raised that issue either.

And I think that the bigger problem, I would argue, it's not about India, but it's about the US in the broader sense of when you have a rule-based system, and then the supposed leader or the state that helped create that system moves to change it, and does it in a way that's based on an exemption or a one-off. I think that's the danger. It's nothing to do with India in the sense of Indian behavior or interest, but it's, in a way, what the US did.

And I can remember very well a conversation with two North Korean diplomats. There are always at least two. And we were talking, and they said, well, we're not going to disarm, but we want an end to the isolation. And I said, well, that doesn't work. This is about disarmament. And they said no, it's not. They said, we want what India has. India got to keep its nuclear weapons and got to end isolation. I said, well, but North Korea's not India, and I started listing ways that they're not.

They said, no, you misunderstand. I said, okay, what did I misunderstand? It's not about India or North Korea, it's about you. The United States makes the rules, and then the United States, if it wants to, it changes the rules. And so you did it for India and now we want you to do it for us. And I think that's the broader problem here, Bob.

ROBERT EINHORN

I just want to interject something. I remember after May '98, after the nuclear test by India and Pakistan, there was an intensive bilateral dialogue.

RAKESH SOOD

17 rounds in two years.

ROBERT EINHORN

This is [unclear] Rakesh and I spent a lot of quality time together in that period. And the US would ask, what are your objectives in the nuclear area? What are you seeking? And the answer was, we are seeking only a credible minimum deterrence capability. We are not seeking an open-ended arms competition.

Well, it's 17 years after that. And if you look around the world, the only active nuclear weapons programs, in terms of increases in numbers, is in Southern Asia. I don't mean just India and Pakistan, but India, Pakistan, China. And somehow there needs to be some kind of a handle.

And the United States can't impose a solution to this problem. It has to come from the countries of Southern Asia. But I think it's something that needs to be done. And I agree with you, George, I think the expectation was that, of course, India was not going to adhere to the NPT, but to take on responsibilities as if they were an NPT nuclear weapons state, among which is to do something about the nuclear arms competition.

GEORGE PERKOVICH

And looking forward and the issue of NSG membership comes into play, which is distinct from what's already been agreed, which is an exemption for nuclear cooperation, so that the rules that barred cooperation with India, and, by the way, Pakistan, Israel, states that weren't party to the NPT. There was an exemption for India that allows nuclear cooperation. Now there's the issue of actual membership in the NSG and in the other multilateral regimes, but focusing on the NSG. Can something be learned about the way the exemption was done, and then applied to the question of membership?

In other words, is there a better way to do membership, and could there have been a better way to have done the exemption that would reduce some of the dynamic internationally with people saying, well, you're just picking a friend, and therefore it's an arbitrary system, which invites a certain amount of resistance. So when you look at the issue of NSG membership, and I'll start with you, Rakesh, should it just be done for India, and don't treat it as a systemic issue or might it make more sense to have a criteria-based approach, where at least there's a sense of rules?

RAKESH SOOD

The idea that NSG was membership, and then it became adherence, that whole thing, it was never very clear whether it was supposed to be all-inclusive or if it was supposed to be like-minded and all the rest of it. I don't think, and as Bob mentioned, and I think most of this audience probably knows, that there was a point in time when India felt that India was a target of these export control regimes. And notwithstanding the fact that India's non-proliferation behavior was as good as any of the members of these regimes.

And subsequently with changes in the world, and changes in terms of perceptions, and I think that is the key part. I don't think that the US and India have become allies in that sense. And I don't think that in today's world we are looking for allies. What we are looking for is greater convergence. The notion of alliances that existed during the Cold War, is something that was a part of a different kind of history of the world.

In today's world, when we look at Asia-Pacific and when we look at the geopolitical spaces, what we are looking for is better understanding, better partnership, better ability to work with each other, and share each other's concerns. And I think it is from that point of view that the nuclear dimension also comes into play.

In something that is not rule-based - now the NPT, why India cannot join the NPT, because of 1 January, 1968. The definition says that if you have exploded a nuclear device before 1 January 1968, you're a nuclear weapons state. Otherwise, you're a non-nuclear weapons state.

ROBERT EINHORN

They could have changed one digit in that date and avoided this whole problem. 1977, India would have tested in '74, no problem.

RAKESH SOOD

But the point I'm making is that the NSG, in that sense, is not a treaty-based organization or a treaty-based regime in that sense, and therefore, there has to be whatever the NSG exemption happens to be has to be based on a certain political judgement and political reality.

Now after the NSG waiver, it is not just with the United States that India signed a nuclear cooperation agreement. They have signed nuclear cooperation agreements with more than 10 countries. These countries obviously, together with India, wanted to move this relationship or this cooperative relationship in the nuclear dimension forward, because it is not necessary that with every single member of the NSG. Theoretically it is possible for India to sign such cooperation agreements with every single member of the NSG, but it's not as if we've done so with every single one.

GEORGE PERKOVICH

But that's different than membership in the NSG.

RAKESH SOOD

But the point I'm making is that there is a political judgement that comes into play here. And I think it is that political judgement which should determine India's membership of the NSG.

GEORGE PERKOVICH

But should that political judgement be based on articulated criteria, or should it be based on something that doesn't even have to be articulated. You could just say, yes, we wanted India in, or we don't want India in. That's my question. And would it be better for the international system in any way that you look at that system to have articulated criteria as opposed to, right what you're saying is a political call that says, yes, I like him today or I don't.

And by the way, since it's a consensus based organisation, if there aren't criteria, somebody could just say, I don't want him, you know, forget about it. So Bob, and then John,

ROBERT EINHORN

Let me go back to 2005 on this. Look, it would have been a bad idea to try and keep India in nuclear isolation forever. It was apparent back then, even before then, that a nuclear accommodation had to be reached with India. India's a big player, has all the nuclear equipment, technology, a potential supplier, all of that. There are all kinds of reasons for bringing India in and ending the isolation.

But I don't believe we should have done it back then in a country specific way. It made it seem as if we were favoring our new best friend rather than acting on non-proliferation principle. So even back then I would have said, we would make any non-nuclear weapon state... I'm sorry,

any nuclear arm state not party to the NPT eligible for nuclear cooperation with the United States, provided they met certain criteria.

Now we could debate what criteria either should be and mine would have been probably a little tougher than Rakesh would be comfortable with.

RAKESH SOOD

We would negotiate as always.

ROBERT EINHORN

But I would have made both Pakistan and Israel eligible for nuclear cooperation. And India might have been a good top of the list, or Pakistan, because of the [unclear] experience may have had to spend more time working at its export controls. But I would have done that.

But moving forward to the membership issue. I think membership in these international regimes should be criteria-based. We should establish sensible criteria, primarily dependent on how effective the export control systems, how well enforced, cooperation on interdiction, all kinds of issues on that that have nothing to do with their own nuclear weapons programs, but are they going to be effective participants in the regime.

And by the way, for new entrants into the regime, I would not allow them to have a veto on others, because that is obviously a concern if India were admitted first into the NSG, would they use the consensus rule to prevent Pakistan? I think this would be the sensible approach.

Pakistan would have to demonstrate it has legacy of [unclear]. I think there's a statute of limitations on that crime, and I think they can demonstrate that they've adopted a competent export control system. And this comes back to an issue that was raised in a plenary session yesterday. I would want to be pretty sure that Pakistan was not going to be assisting anybody in pursuing field cycle programme. And that goes in particular to the question of Pakistani-Saudi relationship. I would want that to be nailed down very clearly before I would want to support Pakistani membership.

GEORGE PERKOVICH

Anything to add on this question of membership, and then I want to turn to the discussion.

JOHN CARLSON

Yes. An aspect that I'm not sure has been really thought through is what would be the consequences of India's membership in terms of access to technology, because the exception that's being given at the moment, excludes sensitive technology. Obviously if India was a full member, it would expect full privileges. And I think what NSG parties would have to think through is what's their attitude towards supplying technology equipment that could contribute to a weapons programme.

Now whether that's something that they're willing to do, and obviously the same question arises considering Pakistan. But the concern would be not only might Pakistan, on supply to others, but it would obviously be trying to benefit its own military program. So I think this all points to the question of defining criteria.

The basic criterion should be, does the regime benefit by having this country in or having it out? And there are arguments for having countries that are exporting in so that there are some rules for it to be tied to. But we also need to think through how will a country use technology that it's able to access for its own purposes?

GEORGE PERKOVICH

All right. So we're going to go to discussion. You guys know the drill. All my Pakistani friends getting in line. There you are. Let me guess. If I get bored because it gets repetitive, you'll hear and we'll skip around the lines, but do we have the microphone over there? Okay. Let's start over there, and we'll work our way around. But seriously, if somebody else asks something that resembles the question you want to ask, do the audience and your country a favor. Don't repeat it because people will become displeased with you, and not want to improve relationships with your country.

Q

Mahmoud [unclear], National Defence University, Islamabad. We have to examine, what was the need? I'm just going to ask this question. What was the need for an NSG in the first place? That's it.

GEORGE PERKOVICH

All right. We'll take a couple and then we'll come to the middle.

Q

Dee Trovich, Foreign Policy Institute. Ambassador Sood, I can understand India's allergy to the idea that the CTBT ratification should be linked as a condition to the DL. 10 years on, where India has worked hard to take this normalized place in the international order, can I ask you to what extent you think Delhi has internalized calculation about that a test would jeopardize and void the progress that has been made, and in which case, do you think they really would test again?

And if not, what do you think is barring the way to taking small steps like monitoring stations, like there's one that's already needed, a radio nuclide station for the verification regime, where they're going to become an observer state. Things that can be done before a signature. Is it time, really to take these steps that would actually make India add some more credence to this idea of India having these great non-proliferation credentials?

GEORGE PERKOVICH

Let's take those two. Bob, do you want to take the NSG one, or John? Where did the NSG come from? And Rakesh, Dee's question.

RAKESH SOOD

I think this audience knows exactly where the NSG came from.

GEORGE PERKOVICH

Does anybody not know the basis?

JOHN CARLSON

I wasn't sure whether the question was ironic. As is very well known, the NSG was established largely in response to India's misuse of a research reactor, which had been supplied under peaceful use conditions, where India produced plutonium and conducted what it described as a peaceful nuclear explosion, so this didn't violate the peaceful use conditions, according to India.

There was also another driver which, as I recall was France's supposed supply of reprocessing technology to Pakistan. So the NSG was set up for those reasons. And I must say, sorry to be a party spoiler but when India is described as having an unblemished non-proliferation record, of course, it was a proliferator in quite a spectacular way. Obviously we have to deal with the situation as we find it today, but I think the history is there and it is ironic that India is now being asked to join or is seeking to join, and has been promised help in joining the organization that was actually established in response to its past behavior.

GEORGE PERKOVICH

Rakesh, on Dee's question.

RAKESH SOOD

I think yesterday we had the executive secretary of the CTBT talking about it. And I think the question of signature or ratification of signature first and then ratification, obviously, is something that is going to take some time. For those of you who probably might recall that the idea of a voluntary moratorium was something that was agreed upon during the talks that took place in 1998 to 2000 between Strobe Talbott and [unclear], and that moratorium, or the commitment to the moratorium has been reiterated even in the 2005 and basically the 123 agreement and so on. So in that sense, that commitment or moratorium stands.

I think the Article 14 will always rankle, in a sense, because Article 14 was introduced at that point in time for entry into force of the CTBT after India had voluntarily withdrawn from the negotiations in 1996.

GEORGE PERKOVICH

But what about a monitoring station? Leave the ratification, sorry, what about...?

RAKESH SOOD

No, so therefore the idea of the political thing of signature ratification, etc., is something which is going to take some amount of work before any of that is going to be considered positively. I understand that we only have some scientists, and this is what the executive secretary was telling me, and I think he proposes to visit India, as he told me.

So there are Indian scientists and technologists who will work with, or attend courses or whatever with the CTBT, and I think as long as we create... or as long as the normal testing continues, and I think that is what is critical, because at this stage, entry into force of the CTBT is something which seems to me to be politically a tough call.

GEORGE PERKOVICH

But that wasn't her question. Bob, do you have ideas on her question?

ROBERT EINHORN

I have two proposals on nuclear testing. I don't think CTBT is going to enter into force anytime soon. I mean, it's long way off. I suggest two ideas. One is for the five NPT nuclear weapons states, India and Pakistan, to get together at the highest levels and issue a joint statement that for some period of time, five years, ten years, none of them will be the first within this group to test a nuclear weapon. This gets around some of the problems with the CTBT which is, for the US Congress, it's forever, and it's legally binding. This would be a political commitment at the highest levels and so forth.

Second proposal, people have talked about a Middle East zone free of all weapons of mass destruction. Why not start off with a Middle East zone free of nuclear testing, so all of the members negotiate common verification arrangements and so forth, and they agree not to test nuclear weapons. Three of the holdout states are in the region in the Middle East.

Anyway, I think that the two of these things, taken together, I think would give a lot of confidence that there would be no nuclear tests. Let's leave North Korea aside for a moment and part of the political commitment could be to take measures in the event that another country tested a nuclear weapon. So maybe sanctions or some kind of pressures applied. But anyway, because the CTBT is not in the cards for the foreseeable future, I think we should think of other ways of constraining nuclear testing and those are two ways.

Q

Jessica Varnham from The Center for Non-Proliferation Studies in Monterey. My question is for Bob, and perhaps also George in that it is about US interests in advocating for Indian membership in the NSG. You alluded to the fact that the consensus rules would potentially create issues for further membership expansion, but what's of interest to me is even just setting aside any concerns for US interests in the non-proliferation regime and the possible detrimental effects of Indian membership in the NSG on that regime.

As a completely separate issue, it seems to me, the US would have national interests that run counter to supporting Indian membership in the NSG, purely because of the fact that the more members you add to the group, particularly some like India with disparate priorities, the more difficult it will be to pass decisions of interest to the United States on anything that goes on in the NSG.

GEORGE PERKOVICH

The NSG started off as a like-minded group of seven countries. It has expanded...

RAKESH SOOD

The London Club.

ROBERT EINHORN

The London Club. Exactly. It was the G7 countries. These were like-minded countries. It's expanded to the point where there's a lot of like-minded countries there, so I think admitting India would not make consensus decision making more difficult. It might even facilitate it. And I agree with the joint statement issued by Modi and Obama which says that India is ready for NSG membership.

GEORGE PERKOVICH

I have a somewhat different view, which is that it should be based on criteria and that what we have going on is... and it's happened throughout history... a bilateral relationship informed, also, largely by trade considerations, which is fine, trumps these other issues. So those of us who raise these other issues, people around the President say...

ROBERT EINHORN

I agree with you, but I'm not saying India's ready for membership because it's a new, important friend of the United States. It's India is ready for membership because it meets the criteria that I have in my head for being eligible for membership.

GEORGE PERKOVICH

But then you, as president should articulate those criteria and say, but then, as policy, we would support the membership of anybody, which isn't what's going on now because people basically are putting greater priority on other elements of the relationship and non-proliferation I think is what's happening in the way that this is being done. And then that has a rebound effect with others. Let's go over here and then we'll come back to the middle.

Q

Yes, Stephen from the Justice Institute. It's clear that India's very responsible member of the international community. However, my question is where does India stand on Iran's breakout?

GEORGE PERKOVICH

For or against it, Rakesh?

RAKESH SOOD

I think that I'm keeping my fingers crossed. I hope that the P5+1, the talks that are currently underway with Iran, I hope that they are successful, because I think that we need to find ways.

And here again, let me just put it like this. Please notice the framework. Every political reality is valid, and then there are other political realities that come, and that's the way of life. And if you look at the Iran talks with P5+1, and the efforts with IAEA coming in to do extra monitoring and whatever.

It is not taking place in an NPT framework. We've got an NPT Revcon coming up in 2015. But it is taking place outside. But in some ways, a positive outcome before the end of March on this particular issue, I think will have a positive impact even on the 2005 NPT Revcon. So mind you, I'm saying this, India is not a party to the NPT, but I think that this is... we are seeing this momentum for talks, the words coming to some kind of an understanding on Iran nuclear program, addressing concerns arising from it, which I think is extremely positive. It provides a political moment at which we can hope that this moves forward.

GEORGE PERKOVICH

Here and then we'll go to [unclear 01:01:25].

Q

Hi, I'm Jim Ostroff with Platt Nuclear Publications. Soon after the summit between President Obama and Prime Minister Modi, both parties issued statements on the nuclear liability issue, that in essence said great progress has been made on this issue. Details to come.

Afterwards, a number of analysts said, in essence, that these parties declared victory and went home. They papered it over. Let me just ask any one or all of the panel members as to whether they see any concrete movement or developments likely that will resolve the nuclear liability issue to the point that external vendors can sell and operate systems, reactors, in India, thank you.

GEORGE PERKOVICH

Hold that, we want to take Zafir's question, but we have in Rakesh a real expert on this issue.

Q

Thank you very much. I have two very brief questions. One is for America first that, let's say from today, in the future, if this liability issue is resolved, how you people are looking, because from 2005 until 2008 there was a debate in the [unclear] in the United States, that if this deal entered into force, definitely there would be 27,000 jobs and \$1 billion business for the reactor industry. How you people are looking in the future, that is there this kind of big business is coming to the United States?

And the second is, Bob, you referred that Pakistan and Saudi Arabia. Let me ask you a very simple question. If the SALT [unclear] can deal with the Saudi Arabia, and Americans are negotiating or contemplating that why not they can go and invest in the Saudis or other Middle Eastern countries, nuclear fuel cycle industrial reactors and industry. Is it not appropriate that you people can permit India and Pakistan also to benefit from this commercial market, under the IAEA safeguards?

RAKESH SOOD

If you want a one-page answer, I wrote about it in *The Hindu* in an op-ed. If you want a 20-page answer, it is there on the ORF website. But I think Prime Minister Modi and President Obama, when they met in September in Washington, they understood, as good politicians, as political leaders, as guys who are willing to take a risk, as leaders who are committed to India-US relationship. And they understood that this particular thing had been a hurdle and needed to be sorted out.

And I think that's how they set up the contact group. The contract group met a couple of times between after September when it was set up to resolve these matters, and January when President Obama was in Delhi. The contact group analysed the threat there, came to whatever conclusions and reported back to the principals. And the two of them understood that this had to be sorted out in terms of language, which is why the idea of a legal memoranda being exchanged .

And as I said, after that, we've had one workshop on international insurance pools. That was one of the sticking points, as to how do you quantify. See there are two particular clauses for those of you who want details. Section 17b of the liability law...

GEORGE PERKOVICH:

We don't have time. But is it going to work? Will it be sufficient? That was his question. Will it be sufficient?

RAKESH SOOD

Yes, it will be, because the same concerns that US vendors have, are also the same concerns that Indian vendors have. After all, we have an indigenous 700 megawatt nuclear power reactor program, which is ongoing, which has stalled because... now this is completely indigenous and there is a whole bunch of Indian industry which provides reactor vessels, tubing, components, etc. So they were equally concerned about what they perceived was ambiguity in the language, and their concerns are very similar to let's say, the concerns raised by the lawyers of Westinghouse and GE and all the rest of it. Or for that matter, the French [unclear 01:05:59] and so on, or the Russians in turn.

So the first evidence of this would be when we start looking at the atomic industrial forum, the Indian atomic industrial forum, and they issued a statement that they find these assurances comfortable. So once they start... I think the proof of that will be as we see it growing, we'll find that the legal community will get satisfied both in terms of the insurance pools, and in terms of the concerns about current liability being applied to a potential nuclear damage.

GEORGE PERKOVICH

I think the answer's no, but...

RAKESH SOOD

No, the answer is yes.

GEORGE PERKOVICH

Listen, we'll have a bet. His answer is definitely yes. Mine is no. And then Zafir's question about basically American nuclear companies going to get rich and a lot of jobs out of this and what was the other one? The Pakistan and Saudi Arabia, why shouldn't Pakistan be able to have commercial nuclear interactions with Saudi Arabia, which I don't think was the issue, but go ahead.

ROBERT EINHORN

Pakistan, India can have commercial nuclear relations with any countries in the Middle East or elsewhere, but it should not provide any technology or equipment related to sensitive parts of the field cycle, enrichment related, reprocessing related technology. But if it can sell reactors or parts or so forth in a transparent way, that's fine.

Q

Hi, Emily Landau from the Institute for National Security Studies in Tel Aviv. My question is for Bob Einhorn, and I want to go back to the point that you made about perhaps it should have been a criteria-based decision with regard to India. And my question is really why did the United States not consider a similar deal with Israel? What made India uniquely worthy of this deal? Because when I think about the issues that you have raised here, which warranted the deal, relations with the United States, non-proliferation record, and a unique nuclear status that needs to be dealt with, I think that these are equally relevant to Israel. So my question is why was this the case for India? Why not consider it for Israel.

Q

Thank you. This is Samira Lehan. My question is that once India brought its already operating nuclear reactors under the IAEA safeguards, so did it also bring the spent fuel that was irradiated in those reactors under IAEA safeguards? Because once we look at the IPFN reports from 2005/7 and now, it appears that Indian fissile material stocks have decreased. Thank you.

JOHN CARLSON

I think the answer is no existing spent fuel was brought under safeguards.

ROBERT EINHORN

The answer to Emily is because the decision in 2005 was not taken primarily on non-proliferation grounds. It was taken to remove a major obstacle to better US-Indian relations.

GEORGE PERKOVICH

Two words, China market. It was balancing China and it was a big commercial market for the US. Oh, and Indian American voters, but Israel has supporters in the United States too. That was why.

So we have to wrap up. We have lunch across the hall, as yesterday, but please join me in thanking John, Bob, and Rakesh.